

 <p>air pollution control district SANTA BARBARA COUNTY</p>	Case No / Date	2021-08-I	05/19/2021
	Petitioner	Freeport-McMoRan Oil & Gas, LLC	
	Permit #	9104-R5	
	Date Rec'd	05/04/2021	
	Time Rec'd	1649 hours	
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BEFORE THE HEARING BOARD OF THE SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT

In the Matter of the Application of)
Freeport-McMoRan Oil & Gas, LLC for)
an Interim Variance from District Rules)
359.D.2.b.1, 359.D.2.b.2, 359.D.2.b.3,)
206 and Conditions 9.C.3.b.viii and)
9.C.3.c.ii of Permit to Operate 9104-
R5.

H.B. Case No. 2021-08-I

VARIANCE FINDINGS

AND ORDER

Freeport-McMoRan Oil & Gas, LLC filed a Petition for a 90-Day and Interim Variance on May 4, 2021. A hearing of the Interim Variance Petition was held on May 19, 2021. David Rose, Whitney Koester and Glenn Oliver represented the Petitioner, Aimee Long represented the Santa Barbara County Air Pollution Control District (District), and Dr. Steven Colome represented the Hearing Board for this Interim Hearing.

This matter having been fully presented and duly considered, the Hearing Board makes the following findings and gives the following reasons for its decision.

A. HEARING

1. Notice of the Hearing was duly given in the manner and for the time required by law.
2. Sworn testimony and argument on behalf of the Petitioner and the Air Pollution Control Officer were made, received, and considered.
3. A nuisance as defined in District Rule 303 is not expected to occur as a result of this Variance.

4. Pursuant to Health and Safety Code section 42359.5, “good cause” exists for the granting of Petitioner’s request for an Interim Variance.
5. If, due to reasons beyond the control of the Petitioner, successful repairs are not completed during this Variance period, additional relief will be sought
6. District staff supports the Petition as conditioned below.

B. BACKGROUND

1. The Petitioner operates the equipment described in the Petition at Platform Hermosa located on offshore lease tract OCS-P-0316, approximately 10 miles offshore of Point Arguello, California.
2. Platform Hermosa is an eight-leg, five-deck platform with a maximum of 48 well slots. All production operations ceased at Platform Hermosa in 2015. Since that time, the platform has been conducting well abandonment/decommissioning efforts to remove all hydrocarbons from the platform and achieve cold standby status. At this time, all wells on the Platform have been plugged and the Petitioner is in the final phases of removing conductor wells. Permanent well abandonment completion is expected in the third quarter 2021.
3. The Petitioner utilizes natural gas, field gas, and/or diesel (in the event of an emergency) fuel to power turbines for electrical power generation at the platform. The turbines are equipped with a pressure safety valve (PSV) to relieve pressure in the system. Currently, the turbines are operating on natural gas piped from shore. The fuel line also supplies fuel to the flare, a hydrocarbon emission control device.
4. On May 3, 2021 a small hole, several inches in size, was discovered in the 10” flare header feeding the flare tip. This resulted in fuel burning at the hole instead of the flare tip, where it is supposed to burn. The fuel line feeding the flare was shut off and flare operations ceased. As a result, the Petitioner submitted a Breakdown Report on May 3, 2021, to make the necessary repairs.
5. The Petitioner has identified the repairs necessary and scheduled personnel to complete the repairs. Scaffolding must be built to safely repair the flare header. The scaffolding materials are expected to be at the platform on May 14, 2021, while the welders and scaffolding specialist are expected to arrive on May 17, 2021. The scaffolding construction is expected to take approximately 1 – 3 days. Once erected, the welding crew anticipates the repairs to be completed within one day. The estimated repair timeline, approximately 15 – 25 days, is contingent upon weather and crew transfer logistics. Because the repairs will extend beyond the 24-hour breakdown coverage allotted by District Rule 505, the Petitioner sought additional relief.

6. The Petitioner's permit and District Rule 359 requires a flare pilot flame to be present at all times. While the repairs are being made, the Petitioner will continue the abandonment/decommissioning process without the flare.

C. FINDINGS

1. Without Variance coverage, the Petitioner will be in violation of District Rules 359.D.2.b.1, 359.D.2.b.2, 359.D.2.b.3, 206 and Conditions 9.C.3.b.viii and 9.C.3.c.ii of Permit to Operate 9104-R5.
2. Due to conditions beyond the reasonable control of the Petitioner, requiring compliance would result in either (A) an arbitrary or unreasonable taking of property, or (B) the practical closing and elimination of a lawful business. The occurrence of the hole in the flare header is beyond the reasonable control of the Petitioner because it was an unexpected event likely the result of metal-on-metal wear. The platform requires an operational flare pilot flame to be present at all times. An operational flare with a pilot flame cannot be operated until the repairs are made. In addition, the Petitioner has stated that postponing the platform abandonment/decommissioning process until the flare is fixed is expected to increase their costs by adding days to the project at approximately \$30,000 per day.
3. The closing or taking would be without a corresponding benefit in reducing air contaminants. The Platform is not operating and all wells are plugged. Production will not resume and the Petitioner is in the final stages of removing well conductors in the platform abandonment/decommissioning process. Shutting down the platform would not affect the requirement to have a flare pilot flame to be present at all times. Since the turbines are used for electrical power generation at the platform, operations of the turbines is necessary to supply the electrical power for repairing the flare.
4. The Petitioner has given consideration to curtailing operations of the source in lieu of obtaining a variance; however, the facility is not currently operating to produce oil and gas. Furthermore, curtailing operations would not affect the requirement to have a flare pilot flame to be present at all times.
5. During the period the Variance is in effect, the Petitioner will reduce excess emissions to the maximum extent feasible by continuing operation of the turbines on public utility commission (PUC) gas (verses switching to diesel fuel). To switch to diesel fuel, depressurization of the fuel line is necessary to prevent an accidental release of PUC gas, resulting in excess emissions. Operating the turbines on PUC gas is not expected to cause a PSV release.

6. During the period the Variance is in effect, all PSV releases will be monitored, and emissions quantified and reported as is the normal practice required by permit. PSV releases without a properly operating flare could result in 8 lbs. ROC/minute to be released. A PSV release is highly unlikely, and none have occurred since the flare ceased operations on May 3, 2021.

THEREFORE, THE HEARING BOARD ORDERS, as follows:

That an Interim Variance be granted for platform activities without an operational flare at the Petitioner's facility causing a violation of Rules 359.D.2.b.1, 359.D.2.b.2, 359.D.2.b.3, 206 and Conditions 9.C.3.b.viii and 9.C.3.c.ii, of Permit to Operate 9104-R5 from May 4, 2021 through August 1, 2021, or the date compliance is achieved, or the date a decision is made on the 90-Day Variance, whichever occurs first, with the following conditions:

1. Petitioner shall submit a written report to the Hearing Board and District, to variance@sbcapcd.org, by August 16, 2021. The report shall include the date compliance was achieved, cause of the hole in the flare, corrective actions taken, the date and time of each PSV event and the excess emissions that occurred during this variance period.
2. Petitioner shall retain the obligation to comply with all other local, state and federal regulations not specifically referenced in the Order.
3. Failure to abide by all conditions of this Order shall subject the Petitioner receiving the variance to penalties set forth in Health and Safety Code section 42402.
4. In accordance with District Fees Rule 210, Schedule F.12.e, the Petitioner shall pay excess emission fees for each additional ton of pollutant emissions or portion thereof allowed as the result of the issuance of this Variance.
5. Each day during any portion of which a violation occurs is a separate offense.
6. The Environmental Protection Agency does not recognize California's Variance Program; therefore, this Variance does not protect the Petitioner from Federal Enforcement actions.

DATED: 5/19/2021



Dr. Steven Colome
Santa Barbara County Air Pollution Control District
Hearing Board